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C O N F I D E N T I A L SECTION 01 OF 05 TAIPEI 001575

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TAGS: [PREL](#) [PGOV](#) [TW](#)

SUBJECT: TAIWAN LACKS DIPLOMATIC STRATEGY TO COUNTER BEIJING

REF: A. TAIPEI 03667

[1](#)B. TAIPEI 00315

[1](#)C. TAIPEI 00372

[1](#)D. TAIPEI 03430

Classified By: AIT Director Douglas Paal; Reasons: 1.4 (B/D)

[1](#)1. (C) Summary. Taiwan lacks a viable foreign policy strategy to counter Beijing's growing international clout and global campaign to isolate Taipei. Taiwan foreign policy experts anticipate that a domestic crisis could be brewing as Taipei becomes diplomatically marginalized around the world and Taiwan government officials refuse to face this reality. Growing legislative and media scrutiny, as well as Beijing's economic power, are making it increasingly difficult for Taipei to match Beijing's "check book diplomacy" campaign. Taipei officials privately acknowledge that Taipei's international position is worsening at the hands of Beijing, but they have been slow to develop new ideas or a long term strategy to combat the PRC and maintain international diplomatic space for Taiwan or even to position themselves for a negative outcome. There are some new initiatives aimed at the 25 countries that still recognize Taiwan, including encouraging closer business ties, using NGOs to advance diplomacy, and highlighting Taipei's democracy and humanitarian aid expertise to distinguish Taiwan from the PRC. However, these efforts will have only limited effectiveness, because most of Taiwan's diplomatic partners are less concerned about democracy than about long-term development projects. On the larger international stage, Taipei has done little to counter Beijing's momentum, and most Taiwan officials appear content to rely on the U.S. as Taipei's primary foreign policy bulwark. End summary.

A Domestic Crisis?

[1](#)2. (C) Taiwan foreign policy watchers tell AIT that a domestic crisis is brewing in Taipei as a result of Beijing's global campaign to isolate Taiwan (ref Taipei 03667). Beijing's efforts have become increasingly coordinated, organized, and creative, as evidenced by Taiwan's loss of Vanuatu in Fall 2004 and Grenada in January 2005 to the PRC (ref Taipei 00315). According to Lin Cheng-yi, Director of the Institute of International Relations (IIR) at National Chengchi University, Taiwan now has 25 diplomatic partners, compared to 29 in 2000, when the Democratic Progressive Party (DPP) came to power. Lin speculated that if the DPP government lost 3-4 more countries to the PRC, this could have domestic repercussions. However, Lin continued, most of the Taiwan public does not see a big difference between 29 or 25 nations as long as the status quo of around 25 nations is maintained. (Note: Taipei's nadir of diplomatic partners was 22 in the 1970s after Taiwan withdrew from the UN. End note). Lin said if the number dropped below 20, however, the government would almost certainly face a major domestic political backlash. He personally believed such a development was likely to happen relatively soon and that the government was not prepared for the domestic fallout.

[1](#)3. (C) Former National Security Council (NSC) official and DPP International Department Deputy Director Hsieh Huai-hui separately concurred with Lin, stating that losing even a few more countries to the PRC would be politically devastating. This would have a tremendous psychological effect on the island's population, she explained, since diplomatic recognition is an important component of Taiwan's self-identity and confidence. Hsieh told AIT that she was not certain Taiwan would be able to maintain its diplomatic partners in the future and that the government must be prepared to face the prospect of being diplomatically isolated. Lai I-chung, Foreign Policy Director at the pro-Green Taiwan Think Tank went even further, telling AIT that Taipei was on a path to diplomatic disaster. Taiwan, he said, was finished if it lost many more of its diplomatic partners. The PRC would then have sufficient political and economic leverage to isolate Taiwan, which would compromise Taiwan's global economic competitiveness and force its corporations to relocate to the PRC to survive.
Government Officials in Denial

[1](#)4. (C) Taiwan's foreign policy officials, however, appear to be in denial over Taiwan's growing diplomatic isolation and

the potential domestic fall-out of losing a significant number of formal relationships. In contrast to the bleak assessments given by outside foreign policy experts, officials from the NSC and the Ministry of Foreign Affairs (MOFA) told AIT that it was inconceivable Taiwan would lose all, or even most, of its diplomatic partners. MOFA Section Chief for Eastern Caribbean Affairs Luis Yang and NSC former Deputy Secretary General Antonio Chang separately told AIT that Taipei might lose "a few here and there," but that there would always be at least 15 or 20 nations that would recognize Taiwan, which was, they thought, "enough." When AIT asked current NSC Deputy Secretary Parris Chang about the recognition issue, he dodged the question and changed the subject. Chang also refused to speculate if there were a minimum number of nations that must recognize Taipei for Taiwan's government to remain legitimate. Victor Chin, MOFA's Director General for North American Affairs simply insisted to AIT that formal diplomatic partners are essential and that Taiwan would do whatever were necessary to retain them.

. . . And Lacking a Strategy

15. (C) MOFA and NSC officials have been slow to adopt, or even face the need for a new long-term diplomatic strategy and have been content to rely on outdated policies to counter Beijing. As IIR's Lin put it, MOFA has been in crisis management mode for years -- racing to save countries, but not developing any long-term strategy. This reactive mode, he said, was ineffective and alternative strategies must be adopted. Taiwan Think Tank's Lai assessed Taiwan's foreign policy simply and pessimistically as incoherent and "complete chaos." The DPP's Hsieh remarked that MOFA must encourage new ideas and be more flexible in its diplomatic strategy. She added that the government should be more proactive, culturally aware, and show its partners that they are very important.

Concern Over Domino Effect

16. (C) Taiwan government officials do admit that Taipei's international position is worsening and expressed concern that the loss of additional diplomatic partners in the Caribbean and Central America could signal the beginning of a domino effect. Lamenting that Taipei could not match Beijing's incentive packages, MOFA's Yang noted that St. Vincent and the Grenadines and other Caribbean nations could soon follow on the heels of Grenada. MOFA Central America Branch Chief Hsieh Miao-hung told AIT that if Taiwan lost Panama, then other nations in Central America, arguably Taiwan's most important region, would likely follow, causing a chain reaction that would change the strategic landscape for Taiwan.

Government Beginning to Wake Up

17. (C) MOFA and NSC officials are beginning to adopt some new strategies to try to slow Beijing's relentless advance. MOFA's Hsieh told AIT that Taiwan was working to distinguish itself from Beijing. She believed that Taipei should highlight the fact that for several decades Taiwan had been a stable partner and dependable supporter for many nations. Hsieh also said Taipei was trying to highlight Taiwan's democratic values and its generosity in providing humanitarian aid. The PRC, she noted, often promised a lot, but did not deliver in the long run. NSC's Chang argued that the PRC was an unreliable partner and, noting that Taiwan has a growing image problem abroad, said that Taipei must do more on the public diplomacy front. To that end, he said, Taiwan was planning a new public diplomacy campaign in the U.S. and elsewhere to undergird Taipei's sagging reputation abroad.

Forced to Use NGOs

18. (C) Taipei is also increasingly seeking out NGO partners to act as intermediaries for its activities abroad. Taiwan diplomats believe that increasing cooperation with NGOs is a possible avenue for multilateral diplomacy and will help Taipei circumvent Beijing's campaign to isolate Taiwan in the international community. For example, Taiwan is working through the NGO Mercy Corps in provide aid to Iraq (ref Taipei 00372). MOFA NGO Affairs Committee Chairman Michel Lu explained to AIT that using NGOs was Taipei's only viable option to establish a presence in Iraq and that they were pleased with their Mercy Corps partnership and viewed it as a model for future Taiwan diplomacy. In addition, he said, the Chen administration was eager to enhance its relations with international organizations and Taipei was reaching out to NGOs because it had been unsuccessful in its efforts to join international organizations, largely because of PRC influence.

ICDF Playing a More Visible Role

19. (C) Taiwan's international aid organization, the International Cooperation Development Fund (ICDF), is playing an increasingly central role in Taiwan's diplomatic strategy to counter Beijing. Given a growing backlash at home and abroad over less ethically acceptable forms of foreign assistance, the ICDF is a visible and legitimate aid organization. Taipei views the ICDF as a possible avenue for diplomacy and works hard to promote the organization as a global humanitarian organization via international conferences, glossy brochures, and professional video productions. The foundation is self-financed from investments of its USD \$1 billion endowment from government coffers since it was established in 1996. The ICDF serves nations that continue to recognize Taipei with humanitarian assistance projects similar to USAID. According to the ICDF's Deputy Secretary General Carlos Liao, the ICDF will play an increasingly central role in Taiwan's diplomatic strategy to enhance relations with its partners. The organization operates in close accord with MOFA directives and targets its aid on nations that recognize Taipei. In 2003, approximately \$57 million was approved for direct assistance.

Looking to Business For Help

10. (C) Taipei is also seeking to use its business expertise and corporate prowess to its diplomatic advantage. During Vice President Annette Lu's March 2005 visit to Central America, she highlighted Taiwan's commercial benefits and expertise in technology to Central American nations. According to MOFA's Chin, the Vice President's delegation of 153 members included a large Taiwan business contingent. Chin told AIT that Taipei is promoting the construction of a technology park in Honduras and is encouraging business leaders to invest and promote commercial ties in Central America. Taipei is also promoting free trade agreements with some of its diplomatic allies. However, it is not certain how willing Taiwanese businesses are to go along with the government's plan, particularly since many of the nations targeted by the government have little economically to offer Taiwanese companies.

But No Bidding War

11. (C) Officials at both the NSC and MOFA say that they are adamant that Taiwan cannot and will not engage in "check-book diplomacy." Long the mainstay of Taiwan's diplomatic strategy, growing LY and media scrutiny as well as Beijing's economic power are making it increasingly difficult for Taipei to match Beijing's campaign around the globe with under-the-table payments to political parties and foreign leaders (ref Taipei 03430). The NSC's Chang told AIT that recent Taiwan aid scandals involving Nicaragua, Costa Rica, and Panama have had an impact on Taipei's aid approach. He added that there is more oversight in the aid process and that lump sums are not given out as freely to leaders as before. Rather, Taiwan's future foreign aid system will be more focused on real aid projects that can make a developmental difference in the country. Chang added what is probably the main reason for the change in the policy -- that Beijing has more resources than Taiwan and Taipei simply can't compete anymore.

Content to Rely On The U.S.

12. (C) Taipei's core foreign policy is still to rely on the U.S. for support. Despite some new policies, MOFA appears content to follow this well-hewn approach, accept its international fate, and look to the U.S. to save Taiwan in the wake of Beijing's growing power. The NSC's Chang said that Taipei hoped for increased cooperation with the U.S. in Latin America and the South Pacific. In Europe, MOFA and NSC officials have largely ignored new EU members in Eastern Europe in their lobbying efforts and are content to let the U.S. take the lead in opposing the EU arms embargo. Even Taiwan Think Tank's Lai argued that Taipei's diplomacy is not going to work on its own and that increased U.S. support would have a dramatic impact on Taiwan's diplomatic survival.

Comment: Reality is Against Them

13. (C) Taiwan officials seem to have concluded that there is little they can do in the wake of the PRC's growing international influence. It is clear Taipei does not have an effective plan for how to deal with the quandary it faces. Practically every MOFA official AIT met with pleaded for increased U.S. support. Few are confident that Taiwan can keep its 25 formal diplomatic relationships for long in the face of Beijing's money diplomacy and pressure tactics. Yet

no one in government seems willing to contemplate what would happen if Taiwan lost even the minimal international space it has carved out for itself.

14. (C) Taipei's emerging strategy of portraying Beijing as an unreliable partner, emphasizing Taiwan's democratic attributes, and utilizing NGOs will not meet the challenge from Beijing. Taiwan does have much to offer in the technical and financial assistance arena, but new strategies that promote this experience are not likely to be effective with its diplomatic partners. The majority of nations that recognize Taiwan are not concerned about technical assistance or Taiwan's democratic values. More often than not, the biggest factor in the recognition game is simply money and how much of it flows into leaders' pockets, a reality that gives Beijing the upper hand. As long as Taipei continues to rely on a policy of focusing on nations that are typically poor and corrupt, it will continue to lose the check-book diplomacy battle, country by country, because Beijing has the resources and the strategy to outbid Taipei.

15. (C) This trend and Taiwan's inability thus far to adopt a realistic strategy to cope with the risks poses a significant challenge both to Taiwan and to U.S. efforts to support Taiwan. We will explore these risks and possible response strategies in subsequent cables.

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